



February 24, 2015

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Boehner and Leader Pelosi:

Research has demonstrated children with a college savings account in their name are six to seven times more likely to attend a four-year college, compared with similar children with no dedicated account. As such, the National Association of State Treasurers (NAST) and its affiliate, the College Savings Plans Network (CSPN), strongly support House passage of H.R. 529. As Treasurers and 529 Administrators, we are responsible for managing our states' college savings plans. The need to make college more affordable for families and reduce the burden of student loan debt has never been more apparent. The 529 program is a critical tool for millions of account holders and their families trying to save for a college education.

H.R. 529 is a bipartisan bill introduced by Representatives Lynn Jenkins (R-KS) and Ron Kind (D-WI). Last week, the House Committee on Ways and Means favorably reported H.R. 529 with strong, bipartisan support. The legislation contains three important provisions to improve plans for families saving for college. First, it clarifies that computer technology and equipment are a qualified higher education expense. Second, it removes distribution aggregation requirements, eliminating an unnecessary paperwork burden. Finally, it permits account owners to redeposit refunds from colleges back into a 529 account without taxes or penalties.

Since the creation of IRC Section 529 nearly twenty years ago, Congress has played a critical role in the success and growth of these plans. Notably, Congress introduced tax-free earnings to the program in 2001, and provided permanency for the tax exemption on earnings in 2006, and families and students responded by increasing their investment for college. The total number of 529 accounts rose from 2.4 million in 2001 to nearly 12 million in 2014.

The growth in these plans has largely been driven by middle class Americans and 39 percent of accounts are being funded with systematic contributions that average \$146 per month. Most plans allow minimum contributions as low as \$25 per month to encourage participation by families of all income levels. As of 2014, the average 529 account balance was \$20,671, which is less than one year's tuition at many public four-year colleges at in-state rates.

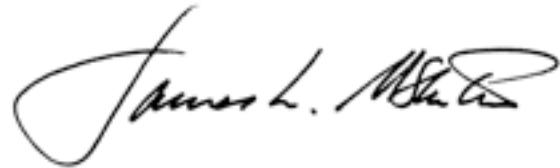
States have also established unique programs to promote financial literacy and educate low and moderate income families on the importance of saving for college. For example, the Kansas Investments Developing Scholars (K.I.D.S) Matching Grant Program matches contributions up to \$600 per beneficiary by account owners who reside in a household with a federal adjusted gross income less than 200 percent of the federal poverty level. The Tennessee Investments Preparing Scholars (TIPS) Program provides a 4 to 1 matching grant for Tennessee families whose income is no more than 250 percent of the federal poverty level, providing a \$100 matching grant for a \$25 investment by a qualifying family. Across the country, there are many similar scholarship programs and matching grant initiatives of 529 plans that are promoting higher education access and affordability for lower and moderate income families.

Thank you for bringing this important legislation to the Floor of the U.S. House of Representatives. As you know, 529 plans are essential to improving college access and affordability for families and students of all income levels. We look forward to working with Congress to protect and enhance 529 plans.

Sincerely,



David H. Lillard, Jr.
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NAST President



James L. McIntire
Washington State Treasurer;
NAST Senior Vice President



Betty Lochner
Director, Washington Guaranteed Education
Tuition; CSPN Chair



Young Boozer
Alabama State Treasurer;
CSPN Vice Chair

CC:

The Honorable Paul Ryan
Chairman
House Committee on Ways and Means

The Honorable Sander Levin
Ranking Member
House Committee on Ways and Means